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LEASE OF RAILROAD EQUIPMENT

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, entered into *March 18*, 1974, by and between T&P EQUIPMENT CORP., a Missouri corporation, whose address is 210 North 13th Street, St. Louis, Missouri, 63103, hereinafter referred to as "Lessor," and THE TEXAS AND PACIFIC RAILWAY COMPANY, incorporated under an Act of Congress, whose address is 210 North 13th Street, St. Louis, Missouri, 63103, hereinafter referred to as "Lessee," WITNESSETH:

R E C I T A L S:

The parties hereto have reached an understanding with respect to the leasing of railroad equipment listed in Schedule "A" attached hereto (hereinafter called the Cars) by Lessor to Lessee, and desire to set forth in writing their agreement with respect thereto.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree:

1. Lease and Hire. Lessor hereby agrees to let to Lessee, and Lessee hereby agrees to hire from Lessor, the Cars designated and described in Schedule "A" hereto. Lessee acknowledges that the Cars are to be delivered at various times and agrees at the time of delivery to acknowledge receipt of said Cars all in good and serviceable condition. By mutual agreement additional cars may be placed under lease hereunder, in which event Schedule "A" shall be revised, supplemented or additional schedules may be added and authenticated by the parties.

2. Term and Rental Rates. Each Car or group of Cars will be under lease and considered delivered and accepted the date released from Missouri Pacific's DeSoto Shop until retired or as otherwise provided hereunder. Rentals for any Cars delivered will be billed monthly as a group, beginning the month subsequent to release from DeSoto or from such other shop as from time to time may be mutually agreed. Monthly rentals will amount to 1/12 of 110% of the sum of:

1. Depreciation on the original cost (gross transfer cost) of the Car at current rates prescribed by the I.C.C. for the Lessee.
2. 10% of the total rehabilitation cost.

Rental applicable to the depreciation charges will continue through the month in which the Cars are retired. The rental pertaining to the re-

habilitation costs, however, will continue for ten (10) years and stop, whether the Cars are in service or not. The Lessee has a right to terminate the lease at any time by reimbursing Lessor for any monetary losses sustained until normal retirement of the Cars.

Lessee shall receive all rentals, mileage, per diem or car hire charges payable from time to time by railroads.

Any demurrage, storage, detention, mileage, switching or freight charges incurred by any of such Cars while covered by this Lease, by virtue of provisions of tariffs on file with Interstate Commerce Commission, or as may be prescribed by the Association of American Railroads or otherwise, shall be assumed and paid by Lessee.

3. Taxes. In addition to the rentals herein provided, the Lessee shall, during the continuance of this Lease, promptly pay all taxes levied upon the use or operation of the Cars or the earnings arising therefrom, and shall promptly reimburse the Lessor for any additional taxes which Lessor may be required to pay solely by reason of this Lease or Lessee's use of the Cars hereunder; provided, however, that nothing herein shall require Lessee to reimburse the Lessor for any taxes on receipts or income from this Lease. Lessee shall pay ad valorem property taxes levied on the Cars and shall file all returns and reports in connection with such property taxes.

4. Marking and Numbering. Cars are marked with the reporting marks and numbers as shown in Schedule "A" hereto, and will bear a stencil showing such Cars to be under lease to Lessee. Anything herein to the contrary notwithstanding, Car markings and lettering shall at all times conform to rules and practices of the Association of American Railroads and to all applicable laws, rules, regulations, orders or decisions of any governmental authority having jurisdiction. Lessor's stencil and any required markings under outstanding financing agreements shall not be removed or obliterated. Lessee shall not allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor.

5. Return of Cars. On termination of this Lease, Lessee will return the Cars to the Lessor at such point as Lessor and Lessee may then mutually agree upon; and provided, however, that each Car shall remain subject to the terms and conditions of this Lease until return thereof. After return, as hereinabove defined, Cars will be property of Lessor.

6. Repairs - Damaged and Destroyed Cars. Responsibility for loss of, or destruction or damage to, Cars or parts thereof or appurtenances thereto furnished under this Lease, shall be for account of the Lessee. If any of said Cars are damaged or destroyed while under lease, the Lessee shall either repair said Car, without expense to the Lessor,

or retire such Cars. Lessee agrees, at no expense to Lessor, to maintain leased Cars. When destroyed Cars are retired and Lessee (in addition to any unamortized rehabilitation costs due under provisions of Section 2 hereof,) reimburses the Lessor for the undepreciated original transfer cost, then the Lessee shall be entitled to amounts recoverable from foreign roads and scrap.

Lessor shall have the right to inspect the leased Cars from time to time to determine whether Cars are stenciled in accordance with this agreement.

7. Maintenance, Replacements, Modifications and Alterations. The costs of any maintenance, replacements, modifications, additions or improvements made to the leased Cars by the Lessee will be borne by Lessee. Said replacements, modifications, alterations or improvements become property of Lessor upon expiration of Lease.

8. Assignment - Use and Possession. Lessee will not assign, transfer, encumber or otherwise dispose of its leasehold interest under this Lease, the Cars or any part thereof, or sublet the Cars or change or permit to be changed or altered the lettering and/or numbering on the Cars, or any of them, without the consent of the Lessor in writing first obtained, except that Lessee may permit the use of the Cars by any subsidiary or affiliated railroad company or on lines of railroad other than Lessee's in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Lessee will not permit any encumbrances or liens, based upon any action or liability of Lessee, to be entered or levied upon any of the Cars.

9. Liability. Lessor shall not be liable for any loss of or damage to anything loaded in or on the Cars and makes no representation as to the suitability of the Cars for use in any particular service. Lessee agrees to indemnify and save harmless Lessor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and any expenses in connection therewith, including counsel fees, arising out of or as a result of the use and/or operation of the Cars during the term of this Lease, or by reason of any default by Lessee under this Lease.

10. Cleaning and Servicing. Lessee shall indemnify and hold harmless the Lessor from any claims made against Lessor, as the Car owner, or for any costs or penalties suffered by Lessor, as Car owner, resulting from any failure to clean and service the Cars before loading.

11. Defaults and Remedies. If Lessee shall default in the performance or observance of covenants contained herein and to be performed or observed by Lessee, and such default shall continue for 10 days after notice by Lessor to Lessee, or there shall be filed by or against Lessee a petition in bankruptcy or for reorganization under any bankruptcy

law, or there shall be a receiver appointed of any part of Lessee's property or Lessee shall make a general assignment for the benefit of creditors, then and in any such events Lessor, at its election, may terminate this Lease and repossess the Cars, and this Lease shall thereupon become and be terminated, or Lessor may repossess the Cars and relet same or any part thereof to others for such rent or compensation and upon such terms as it may see fit; and if a sufficient sum shall not be thus realized after repaying all expenses of retaking and reletting the Cars and collecting the rentals thereof to satisfy amounts herein reserved or payable, Lessee agrees to satisfy and pay the deficiency from time to time upon demand. The obligation to pay such deficiency shall survive such termination and/or such retaking of the Cars to the end of the term of this Lease. Lessee shall, without expense to Lessor, assist Lessor in repossessing the Cars and shall for a reasonable time, if required by Lessor, permit storage of such Cars on trackage space owned or leased by Lessee, without cost to Lessor.

12. Obligations Suspended. In the event the performance in whole or in part, of the obligations (other than for payment of money) of either party under this Lease is hindered, interrupted, or prevented by war, strikes, lockouts, fire, acts of God, or by other similar or different acts of civil or military authorities, or by any cause beyond the reasonable control of the defaulting party, whether similar to the causes herein specified or not, the obligations of such party shall be suspended to the extent of and for the time that performance thereof is prevented or affected by such hindrance, interruption, or prevention, but due diligence shall be observed by such party in resuming performance of its obligations, after removal of the interrupting cause.

If any Car is withdrawn or diverted from the use of Lessee pursuant to regulation, order or direction of any Governmental agency having authority, such action shall not terminate this Lease, or affect the rights and obligations of the parties hereto, except that in every such case all rights and liabilities of the parties hereto (other than for payment of money) as to any Car so withdrawn shall be suspended until such Car or replacement thereof shall have been made available to Lessee, and any such withdrawal, diversion or nonfurnishing shall not be deemed a breach of this Lease by either party.

13. Compliance with Laws and Regulations. This Lease is subject to all Federal, state and other laws, rules, regulations and ordinances which may now or hereafter affect, change or modify the terms or conditions hereof or render unlawful the performance of any of its provisions. Lessee shall comply with all governmental laws, regulations and requirements and with the Code of Rules of the Association of American Railroads with respect to the use, maintenance, (except as otherwise provided for in Section 6,) and operation of each Car subject to this Lease.

14. Lessee's Rights. Lessee acknowledges and agrees that it has not obtained, and by the execution hereof it does not obtain,

and by payments and performance hereunder it will not obtain, any title to the Cars nor any property right or interest, legal or equitable, therein, except solely as Lessee hereunder. Lessee shall keep the Cars free from any encumbrance or lien which may be equal to or superior to Lessor's rights or which may be a cloud upon or otherwise affect Lessor's title. This Lease is expressly subject, junior and subordinate to the title, rights, powers and remedies of the Manufacturer-Vendor, or its Assignee, under any Conditional Sale Agreement or other financing arrangement under which the Cars were acquired.

15. Successors and Assigns. Covenants herein shall inure to or bind each party's successors and assigns.

IN WITNESS WHEREOF, the parties have duly executed this Lease the day and year first above written.

ATTEST:

By H. J. Lerold  
ASSISTANT Secretary

T&P EQUIPMENT CORP.

R. D. Dunning  
President

ATTEST:

By H. J. Lerold  
ASSISTANT Secretary

THE TEXAS AND PACIFIC RAILWAY COMPANY

J. L. Manion  
Vice President

STATE OF MISSOURI )  
                              : SS  
CITY OF ST. LOUIS )

On this *19th* day of *March*, 1974,  
before me personally appeared Robert J. Dunne, Jr., to me  
personally known, who, being by me duly sworn, says that he  
is President of T&P Equipment Corp., that one of the seals  
affixed to the foregoing instrument is the corporate seal  
of said corporation, that said instrument was signed and  
sealed on behalf of said corporation by authority of its Board  
of Directors and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said  
corporation.

  
Notary Public.

LORETTA L. EDWARDS

Commissioned within and for the County of St. Louis,  
Missouri, which adjoins the City of St. Louis, Missouri,  
where this act was performed.

My Commission expires: January 28, 1978

STATE OF MISSOURI )  
                              : SS  
CITY OF ST. LOUIS )

On this 26<sup>th</sup> day of *March*, 1974,  
before me personally appeared **D. L. MANION** to me  
personally known, who, being by me duly sworn, says that he  
is Vice President of The Texas and Pacific Railway Company,  
that one of the seals affixed to the foregoing instrument is  
the corporate seal of said corporation, that said instrument  
was signed and sealed on behalf of said corporation by  
authority of its Board of Directors and he acknowledged  
that the execution of the foregoing instrument was the  
free act and deed of said corporation.

  
Notary Public.

**LORETTA L. EDWARDS**

My Commission expires:

**January 28, 1978**

Commissioned within and for the County of St. Louis,  
Missouri, which adjoins the City of St. Louis, Missouri,  
where this act was performed,

T&P EQUIPMENT CORP., LESSOR,  
THE TEXAS AND PACIFIC RAILWAY COMPANY, LESSEE

SCHEDULE "A"  
TO  
LEASE OF RAILROAD EQUIPMENT  
(1974-1984)

<u>No. of Cars</u>	<u>Description.</u>
100	50-T BOX - TP Series 120767-121304
75	70-T OH - TP Series 500300-500549
25	70-T CH - TP Series 702975-703149



STATE OF MISSOURI )  
: SS  
CITY OF ST. LOUIS )

My name is *Loretta L. Edwards*

I am a Notary Public for the City of St. Louis and  
State of Missouri. I have compared the foregoing  
copy of a lease with the original document and I  
hereby certify that it is a true and correct copy  
in all respects.

*Loretta L. Edwards*  
Notary Public.

LORETTA L. EDWARDS

My Commission expires:  
January 28, 1978

Commissioned within and for the County of St. Louis,  
Missouri, which adjoins the City of St. Louis, Missouri,  
where this act was performed.